

POLICY BRIEF

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Why has Serbia lost leadership in raspberry production?

Zaklina Stojanovic, Emilija Manic, Irena Jankovic, Sasa Randelovic

The H2020 SUFISA PROJECT shed light on the main problems occurring in the raspberry sector in Serbia (The Region of Sumadija and Western Serbia). Two problems that drastically affect Serbian production are: the unfavourable structure of the farms and the high, unpredictable price volatility influenced both by market and chain structure. Serbian raspberry farms are small and usually organized as a seasonal family business. The average area of a raspberry farm is between 0.5 and 1 ha, making it difficult to take advantage of economies of scale in addition to production costs being high in general (open air production without irrigation dominates). Price volatility is caused by uncertainty and unpredictability, discouraging investments in production, storage and processing. The extremely strong market position of buyers / distributors in the sector is also evident. Strong support programs for the procurement and construction of cold storages, as well as for the establishment of new forms of cooperatives, are highly recommended in an effort to enable primary producers to obtain a more flexible market position.

The main results presented in the policy brief rely on interviews with experts, focus groups discussions and workshops with stakeholders conducted between May 2016 and September 2018.

Key messages

- *The main challenges* are related to declining sector competitiveness (as the consequence of prevailing traditional family farming practices), extremely low share of fresh or processed products in the raspberry export sector as well as less quality control on imports of raspberries from the region.
- The importation of infected planting material as well as *excessive and uncontrolled use of chemicals* in farmers' practices have been identified as crucial problems. Producers have the right to be educated and protected against input lobby groups. Furthermore, knowledge transfer based on use of IT is highly recommended.



УНИВЕРЗИТЕТ У БЕОГРАДУ
Економски факултет

University of Belgrade
Faculty of Economics,

T: +381 11 3021 222

dekanat@ekof.bg.ac.rs



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- *BIG DATA systems* are of crucial importance. It should be easily reachable for the average farmer. For example, info about chemicals (how much and when they should be used to minimize negative environmental impact and maximize profit) can influence decrease in costs, both in farming and public health system.
- The sector has been significantly affected by the impacts of climate change (e.g. extremely droughts or high humidity from year to year). Development of state or local community meteo-stations connected with big data use can help to avoid unnecessary weather risks (heavy rains with hail) and support investments in irrigation. The introduction of innovative insurance schemes and creation of a reinsurance system are also alternatives.
- *Effective and efficient price control* is still missing. Public warehousing (warehouse receipt model), establishment of microfinance institutions (particularly important for small businesses), designing of the specific farms credit arrangement (banks should be supported to create the specific contracts for agricultural producers such as landing based on warehouse receipts etc.) can force further financial system development with the aim of increasing modernization within the family owned raspberry sector. In the long-term, other innovative financial instruments can and should play an important role.
- The factors largely contributing to competitive losses within the raspberry sector are *high levels of primary sector dependence on a small number of export companies* in combination with a lack of producers' organizations. The research advocates for long term contracting with processors, traders and exporters (particular attention should be paid to strong domestic juice industry, frozen fruit industry, confectionary etc.).
- Development of *advanced labelling strategies* such as PDO/PDI or organic production coupled with the creation of unions comprised of small family owners of production and cold storages capacities can further facilitate sector improvements. However, there is also a necessity *to shift sales from frozen to fresh raspberries*. Based on different expert opinions, the importation and planting of new varieties, particularly those varieties most appropriate for the fresh markets in Europe, represent a key element of the future strategy for the sector.
- Finally, producers are strongly affected by *inconsistency*. Efficient long-term planning should lead to clear indications about the sectors priorities in the next 30 years. It is particularly important in the context of efficient use of additional resources such as subsidies (national or local).



"Sustainability means sustainable for all stakeholders in the chain, from farmers to cold storages and exporters. For me it means that I can earn profit (in long-run)."

(Manufacturer
/Trader)

The extended
summary is available
at

https://www.sufisa.eu/wp-content/uploads/2018/09/D_2.2-Serbia-Summary-raspberry.pdf



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